Consolidated Balance Sheets

Millions of dollars at December 31	1999	1998
Assets		
Current Assets		
Cash and cash equivalents	**$ 80.0**	$ 10.1
Receivables, less allowances of $53.6 and $12.0	**231.0**	138.0
Material and supplies	**30.3**	16.9
Deferred income tax benefits	**35.9**	13.8
Prepaid expenses and other current assets	**36.2**	18.6
Total current assets	**413.4**	197.4
Property, Plant and Equipment, Net	**2,500.9**	698.2
Goodwill and Other Intangibles, Net	**2,679.9**	103.3
Investments in Other Entities	**843.3**	2.5
Deferred Charges and Other Assets	**71.1**	39.6
Total Assets	**$6,508.6**	$1,041.0
Liabilities, Redeemable Preferred Stock, and Shareowners' Equity		
Current Liabilities		
Short-term debt	**$ 9.2**	$ 186.2
Accounts payable	**230.5**	57.9
Current portion of unearned revenue and customer deposits	**82.6**	26.8
Accrued taxes	**88.3**	40.6
Other current liabilities	**157.5**	93.8
Total current liabilities	**568.1**	405.3
Long-Term Debt, less current portion	**2,136.0**	366.8
Unearned Revenue, less current portion	**633.5**	—
Deferred Income Taxes	**221.8**	6.3
Other Long-Term Liabilities	**153.8**	91.5
Total liabilities	**3,713.2**	869.9
Minority Interest	**434.0**	29.0
7 1/4% Convertible Preferred Stock, redeemable, $.01 par value; authorized – 5,000,000 shares of all classes of Preferred Stock; 1,058,380 shares issued and outstanding at December 31, 1999 (aggregate liquidation preference of $105.8 at December 31, 1999)	**228.6**	—
Commitments and Contingencies		
Shareowners' Equity		
6 3/4% Cumulative Convertible Preferred Stock, $.01 par value; authorized – 5,000,000 shares of all classes of Preferred Stock; 155,250 shares issued and outstanding at December 31, 1999	**129.4**	—
Common shares, $.01 par value; 480,000,000 shares authorized; 208,678,058 and 136,381,509 shares issued	**2.1**	1.4
Additional paid-in capital	**1,979.5**	147.4
Retained earnings	—	—
Accumulated other comprehensive income (loss)	**166.9**	(6.7)
Common stock in treasury, at cost 1999 – 7,805,800 shares, 1998 – no shares	**(145.1)**	—
Total shareowners' equity	**2,132.8**	142.1
Total Liabilities, Redeemable Preferred Stock and Shareowners' Equity	**$6,508.6**	$1,041.0

The accompanying notes are an integral part of the financial statements.

Consolidated Statements of Cash Flows

Broadwing Inc.

Millions of dollars — Year ended December 31	**1999**	1998	1997
Cash Flows From Operating Activities:			
Net income (loss)	**$31.4**	$ 149.9	$(16.4)
Less: income from discontinued operations, net of taxes	**—**	(69.1)	(91.3)
Income (loss) from continuing operations	**31.4**	80.8	(107.7)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by (used in) operating activities:			
Depreciation	**159.9**	110.5	123.9
Amortization	**21.1**	0.6	0.4
Restructuring and related charges (credits)	**10.6**	(1.1)	(21.0)
Provision for loss on receivables	**28.5**	15.8	7.3
Extraordinary items, net of taxes	**6.6**	1.0	210.0
Non-cash interest expense	**15.8**	1.9	(6.4)
Minority interest	**(3.0)**	—	—
Equity loss in unconsolidated entities	**15.3**	27.3	—
Change in operating assets and liabilities net of effects from acquisitions:			
Decrease (increase) in receivables	**(3.4)**	(24.9)	(26.3)
Decrease (increase) in prepaid expenses and other current assets	**(16.7)**	2.1	(7.4)
Increase (decrease) in accounts payable	**(17.1)**	40.9	45.1
Increase (decrease) in other current liabilities	**46.3**	(7.5)	(43.2)
Increase in unearned revenues	**75.0**	—	—
Increase (decrease) in deferred income taxes	**(24.7)**	(12.8)	(4.1)
Decrease (increase) in other assets and liabilities, net	**(31.7)**	(22.3)	26.8
Net cash provided by operating activities of continuing operations	**313.9**	212.3	197.4
Cash Flows From Investing Activities:			
Capital expenditures	**(381.4)**	(143.6)	(158.4)
Payments for acquisitions, net of cash acquired	**(247.0)**	(165.6)	—
Purchase of marketable securities	**(12.8)**	—	—
Other investing activities, net	**—**	—	4.6
Net cash used in investing activities of continuing operations	**(641.2)**	(309.2)	(153.8)
Cash Flows From Financing Activities:			
Issuance of long-term debt	**1,175.0**	150.0	—
Repayment of long-term debt	**(221.2)**	(51.2)	(99.6)
Short-term borrowings, net	**(371.4)**	54.7	109.5
Debt issuance costs	**(31.5)**	—	—
Issuance of common shares-exercise of stock options	**37.0**	0.3	9.1
Purchase of treasury shares	**(145.1)**	—	—
Dividends paid	**(45.6)**	(54.4)	(54.3)
Net cash provided by (used in) financing activities of continuing operations	**397.2**	99.4	(35.3)
Net cash provided by discontinued operations	—	(0.2)	(0.2)
Net increase (decrease) in cash and cash equivalents	**$ 69.9**	$ 2.3	$ 8.1
Cash and cash equivalents at beginning of year	**10.1**	7.8	(0.3)
Cash and cash equivalents at end of year	**$ 80.0**	$ 10.1	$ 7.8

The accompanying notes are an integral part of the financial statements.

Consolidated Statements of Shareowners' Equity

Dollars and shares in millions	6¾% Cumulative Convertible Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at January 1, 1997	—	—	135.1	$1.4	—	—	$346.8	$293.5	$(7.3)	$634.4
Shares issued under shareowner and employee plans	—	—	1.0	—	—	—	17.7	(0.8)	—	16.9
Net loss	—	—	—	—	—	—	—	(16.4)	—	(16.4)
Additional minimum pension liability adjustment	—	—	—	—	—	—	—	—	0.8	0.8
Currency translation adjustments	—	—	—	—	—	—	—	—	(1.6)	(1.6)
Dividends on common shares, $.40 per share	—	—	—	—	—	—	—	(54.4)	—	(54.4)
Balance at December 31, 1997	—	—	136.1	1.4	—	—	364.5	221.9	(8.1)	579.7
Shares issued under shareowner and employee plans	—	—	0.3	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—	149.9	—	149.9
Additional minimum pension liability adjustment	—	—	—	—	—	—	—	—	(2.5)	(2.5)
Currency translation adjustments	—	—	—	—	—	—	—	—	(4.8)	(4.8)
Restricted stock issuance	—	—	—	—	—	—	(4.9)	—	—	(4.9)
Dividends on common shares, $.40 per share	—	—	—	—	—	—	—	(54.6)	—	(54.6)
Spin-off of Convergys	—	—	—	—	—	—	(212.2)	(317.2)	8.7	(520.7)
Balance at December 31, 1998	—	—	136.4	1.4	—	—	147.4	—	(6.7)	142.1
Shares issued under shareowner and employee plans	—	—	3.2	—	—	—	46.3	—	—	46.3
Net income	—	—	—	—	—	—	—	31.4	—	31.4
Additional minimum pension liability adjustment	—	—	—	—	—	—	—	—	3.6	3.6
Unrealized gain on investments	—	—	—	—	—	—	—	—	170.0	170.0
Restricted stock amortization	—	—	0.7	—	—	—	5.1	—	—	5.1
Dividends:										
Common Shares, at $.20 per share	—	—	—	—	—	—	—	(27.5)	—	(27.5)
Preferred Shares	—	—	—	—	—	—	1.8	(3.9)	—	(2.1)
Equity issued in connection with Merger	0.2	129.4	68.4	0.7	—	—	1,778.9	—	—	1,909.0
Treasury shares repurchased	—	—	—	—	(7.8)	(145.1)	—	—	—	(145.1)
Balance at December 31, 1999	**0.2**	**$129.4**	**208.7**	**$ 2.1**	**(7.8)**	**$(145.1)**	**$1,979.5**	**$ —**	**$166.9**	**$2,132.8**

The accompanying notes are an integral part of the financial statements.

1. Accounting Policies

Description of Business

The Company provides diversified communications services through businesses in four material segments: Local Communications, Broadband, Wireless, and Directory. On November 9, 1999 the Company merged with IXC Communications in a transaction accounted for as a purchase. Accordingly, IXC's operations (renamed Broadwing Communications) have been included in the consolidated financial statements for all periods subsequent to November 9, 1999 (See Note 2).

Basis of Consolidation — The consolidated financial statements include the consolidated accounts of Cincinnati Bell Inc. dba Broadwing Inc. (the Company), and its majority owned subsidiaries in which the Company exercises control. Less-than-majority-owned subsidiaries are accounted for using the equity method. For equity method investments, the Company's share of income is calculated according to the Company's equity ownership. Any differences between the carrying amount of an investment and the amount of the underlying equity in the net assets of the investee are amortized over the expected life of the asset. Investments over which we do not exercise significant influence are reported at fair value. Significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Use of Estimates — Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

Cash Equivalents — Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

Materials and Supplies — Materials and supplies are carried at the lower of average cost or market.

Property, Plant and Equipment — Property, plant and equipment are stated at cost. The Company's provision for depreciation of telephone plant is determined on a straight-line basis using the whole life and remaining life methods. As a result of the discontinuation of SFAS 71 in the fourth quarter of 1997, CBT recognized shorter, more economically realistic lives than those prescribed by regulators and increased its accumulated depreciation balance by $309.0 million (see Note 13). Provision for depreciation of other property is based on the straight-line method over the estimated useful life. Repairs and maintenance expense items are generally charged to expense as incurred. Telephone plant is retired at its original cost, net of cost of removal and salvage, and is charged to accumulated depreciation. For other property, plant and equipment, retired or sold, the gain or loss is recognized in other income.

Long-Lived Assets, Other Assets and Goodwill — Deferred financing costs are costs incurred in connection with obtaining long-term financing; such costs are amortized as interest expense over the terms of the related debt agreements. Certain costs incurred with the connection of customers to the switched long distance network (deferred network costs) are amortized on a straight-line basis over two years. Goodwill resulting from the purchase of businesses and other intangibles are recorded at cost and amortized on a straight-line basis from 5 to 40 years. Broadwing reviews the carrying value of long-lived assets and goodwill for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss would be recognized when estimated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount, with the loss measured based on discounted expected cash flows.

Revenue Recognition — Local service revenues are billed monthly, in advance, with revenues being recognized when earned. Remaining revenues (with the exception of those described below) are billed and recognized as services are provided. Directory segment revenues and related directory costs are generally deferred and recognized over the life of the associated directory, normally twelve months. Indefeasible right-to-use agreements, or IRUs, represent the lease of excess network capacity and are recorded as unearned revenue at the earlier of the acceptance of the applicable portion of the network by the customer or the receipt of cash. Associated IRU revenue is then recognized over the life of the agreement as services are provided, beginning on the date of customer acceptance. IRU and related maintenance revenue are included in the private line category for the Broadband segment.

Advertising — Costs related to advertising are expensed as incurred and amounted to $22.3 million, $11.1 million, and $8.1 million in 1999, 1998, and 1997, respectively.

Fiber Exchange Agreements — In connection with the fiber optic network expansion, the Company entered into various agreements to exchange fiber usage rights. Non-monetary exchanges of fiber usage are recorded at the cost of the asset transferred or, if applicable, the fair value of the asset received. The Company accounts for agreements with other carriers to exchange fiber for capacity by recognizing the fair value of the revenue earned and expense incurred under the respective agreements. Exchange agreements accounted for non-cash revenue and expense (in equal amounts) of $2.7 million in 1999.

Income Taxes — The provision for income taxes consists of an amount for taxes currently payable and a provision for tax consequences deferred to future periods using the liability method. For financial statement purposes, deferred investment tax credits are being amortized as a reduction of the provision for income taxes over the estimated useful lives of the related property, plant and equipment.

Stock-Based Compensation — Compensation cost is measured under the intrinsic value method. Pro forma disclosures of net income and earnings per share are presented as if the fair value method had been applied.

Financial Instruments — In the normal course of business, the Company may, from time to time, employ a small number of financial instruments to manage its exposure to fluctuations in interest rates. The Company does not hold or issue derivative financial instruments for trading purposes.

Regulatory Accounting — In the fourth quarter of 1997, the Company discontinued accounting under Statement of Financial Accounting Standards (SFAS) 71, "Accounting for the Effects of Certain Types of Regulation," at Cincinnati Bell Telephone (see Note 13).

Reclassifications — Certain prior year amounts have been reclassified to conform to the current classifications with no effect on financial results.

Recently Issued Accounting Standards — On January 1, 1999, the Company adopted AICPA Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SOP 98-1 requires the capitalization of certain expenditures for software that is purchased or internally developed for use in the business. As compared to prior years when these types of expenditures were expensed as incurred, the 1999 adoption of SOP 98-1 resulted in the capitalization of $10 million of internal use software development costs, which are being amortized over a three-year period.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 establishes accounting and reporting standards requiring that a derivative instrument be recorded in the balance sheet as either an asset or liability, measured at its fair value. SFAS 133 has been subsequently amended through the release of SFAS 137, which provides for a deferral of the effective date of SFAS 133 to all fiscal years beginning after June 15, 2000. As a result, implementation of SFAS 133 is not mandatory for the Company until January 1, 2001. Management is currently assessing the impact of SFAS 133 on the Company's results of operations, cash flows and financial position.

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) 101, "Revenue Recognition in Financial Statements." In SAB 101, the SEC Staff expresses its views regarding the appropriate recognition of revenue with regard to a variety of circumstances, some of which are of particular relevance to the Company. The Company is currently evaluating SAB 101 to determine its impact on the financial statements.

2. Acquisitions

IXC Communications Inc.:

On November 9, 1999, the Company merged with IXC Communications, Inc. (the Merger). Under the terms of the Merger, each share of IXC common stock was exchanged for 2.0976 shares of the Company's common stock. The aggregate purchase price of $2.2 billion consisted of (all numbers approximate): $0.3 billion in cash for the purchase of five million shares of IXC stock from GE Capital Pension Trust; the issuance of 68 million shares of the Company's common stock valued at $1.6 billion, 155,000 shares of 6¾% convertible preferred stock valued at $0.1 billion; and the issuance of 14 million options to purchase Broadwing common stock valued at $0.2 billion. These options were issued coincident with the merger to replace the then outstanding and unexercised options exercisable for shares of IXC common stock. These options were granted on the same terms and conditions as the IXC options, except that the exercise price and the number of shares issuable upon exercise were divided and multiplied, respectively, by 2.0976. The Merger was accounted for as a purchase and, accordingly, the operating results of IXC (Broadwing Communications) have been included in the Company's consolidated financial statements since the Merger date of November 9, 1999.

The cost of the Merger has been preliminarily allocated to the assets acquired and liabilities assumed according to their estimated fair values at the acquisition date and is subject to adjustment when the assumptions relating to the asset and liability valuations are finalized. In addition, the allocation may be impacted by changes in pre-acquisition contingencies identified during the allocation period by the Company relating to certain environmental, litigation, and other matters. The results of a preliminary allocation of the purchase price are as follows:

Fair market value adjustments:

Property, Plant & Equipment	$ 207.0
Other intangibles	397.0
Debt	(168.0)
Deferred tax Liabilities	(113.0)
Other	7.0
Subtotal	$330.0
Goodwill	$2,187.5
Total	$2,517.5

The amount allocated to goodwill represents the excess of price paid over the fair value of assets realized and liabilities assumed in the Merger. These amounts will be amortized to expense over a 30-year period.

Cincinnati Bell Wireless:

On December 31, 1998 the Company paid approximately $162 million in cash to AT&T PCS in exchange for an 80% interest in the Wireless business, including a PCS license and other assets and liabilities. The goodwill, licenses, and other intangibles related to this purchase were approximately $96 million and are being amortized to expense on a straight-line basis over a 20- to 40-year period.

The following summarized unaudited Pro forma financial information assumes both the Merger and the acquisition of the wireless business occurred at the beginning of each year:

Millions of dollars (except per share amounts) Year ended December 31	**1999**	1998
Revenues	**$1,699.4**	$1,572.0
EBITDA	**326.8**	341.8
Loss from continuing operations	**(349.5)**	(202.7)
Net Loss	**$(356.1)**	$(140.2)
Loss from continuing operations per common share	**$(1.76)**	$(1.02)
Loss per common share	**$(1.79)**	$(.72)

These unaudited Pro forma results of operations have been prepared for comparative purposes only and do not purport to be indicative of the results of operations which actually would have resulted had the Merger and the acquisition of the wireless business had occurred on January 1, 1998.

3. Restructuring and Other Charges (Credits)

1999 Restructuring Plan

In December 1999, the Company's management approved restructuring plans which included initiatives to integrate operations of the Company and Broadwing Communications, improve service delivery, and reduce the Company's expense structure. Total restructuring costs and impairments of $18.6 million were recorded in the fourth quarter related to these initiatives. The $18.6 million consisted of $7.7 million relating to Broadwing Communications (recorded as a component of the preliminary purchase price allocation) and $10.9 million relating to the Company (recorded as a cost of operations). The $10.9 million relating to the Company consisted of restructuring and other liabilities in the amount of $9.5 million and related asset impairments in the amount of $1.4 million. The restructuring related liabilities recorded in the fourth quarter of 1999 were comprised of the following:

Millions of dollars	Broadwing,excluding Broadwing Communications	Broadwing Communications	Total
Employee separations	$6.0	$2.2	$8.2
Facility closure costs	2.3	2.1	4.4
Relocation	—	0.2	0.2
Other exit costs	1.2	3.2	4.4
Total accrued restructuring costs	$ 9.5	$ 7.7	$ 17.2

The Company's estimated restructuring costs were based on management's best estimate of those costs based on available information. The restructuring costs accrued in 1999 included the costs of involuntary employee separation benefits related to 347 employees (263 Broadwing Communication employees and 84 other employees). As of December 31, 1999, approximately 1% of the employee separations had been completed for a total cash expenditure of $0.4 million. Employee separation benefits include severance, medical and other benefits, and primarily affect customer support, infrastructure, and the Company's long distance operations. The restructuring plans also included costs associated with the closure of a variety of technical and customer support facilities, the decommissioning of certain switching equipment, and the termination of contracts with vendors.

In connection with the restructuring plan, the Company performed a review of our long-lived assets to identify any potential impairments in accordance with SFAS 121, "Accounting for the Impairment of Long-Lived Assets to be Disposed of." Accordingly, the Company recorded a $1.4 million charge as an expense of operations, resulting from the abandonment of certain assets including duplicate network equipment.

In total, the Company expects these restructuring related activities to result in cash outlays of $14.8 million and non-cash items of $3.8 million, and that most of the restructuring actions will be completed by December 31, 2000.

1995 Restructuring Plan

In 1995, the Company implemented a restructuring plan to provide for the voluntary and involuntary separation of more than 1,300 employees. The Company recorded charges of $131.6 million to reflect the cost of this plan. The Company recorded $21 million of non-cash pension settlement gains in 1997 and reversed $1.1 million in restructuring liabilities in 1998 upon substantial completion of the 1995 restructuring plan.

4. Investments in Other Entities

Investments in Equity Method Securities – The Company holds a 27% ownership investment in Applied Theory. The book value and market value of this investment at December 31, 1999 were $61.0 million and $157.1 million, respectively.

Investments in Marketable Securities – Investments held in PSINet, Purchase Pro and ZeroPlus.com are classified as an "available-for-sale" securities under the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115). Accordingly, the Company recorded these investments at fair value and recorded the unrealized holding gains net of tax in comprehensive income, and adjusted the carrying value of these investments. The book value and related market value of these securities were $524.3 million and $771.3 million, respectively, as of December 31, 1999.

5. Debt

Debt consists of the following:

Millions of dollars at December 31	**1999**	1998
Short-Term Debt:		
Commercial paper	—	$185.5
Current maturities of long-term debt	**$9.2**	0.7
Total short-term debt	**$9.2**	$186.2
Long-Term Debt		
Bank Notes	**$755.0**	—
9.0% Senior subordinated notes	**450.0**	—
6.75% Convertible notes	**412.0**	—
Various CBT Notes	**290.0**	$290.0
7.25% Senior subordinated notes	**50.0**	50.0
PSINet forward sale	**133.9**	—
Capital lease obligations	**37.0**	26.8
Other	**8.1**	—
Total long-term debt	**$2,136.0**	$366.8

Average balances of short-term debt and related interest rates for the last three years are as follows:

Millions of dollars	**1999**	1998	1997
Average amounts of short-term debt outstanding during the year*	**$190.0**	$87.5	$64.2
Maximum amounts of short-term debt at any month-end during the year	**$230.0**	$185.5	$129.5
Weighted average interest rate during the year**	**4.9%**	5.6%	5.7%

* Amounts represent the average daily face amount of notes.

** Weighted average interest rates are computed by dividing the daily average face amount of notes into the aggregate related interest expense.

9% Senior Subordinated Notes

In 1998 IXC issued $450.0 million of 9% senior subordinated notes due 2008 ("the 9% notes"). The 9% notes are general unsecured obligations and are subordinate in right of payment to all existing and future senior indebtedness and other liabilities of our subsidiaries. The indenture related to the 9% notes requires us to comply with various financial and other covenants and restricts the Company from incurring certain additional indebtedness.

In January 2000, $404 million of these 9% notes were redeemed through a tender offer as a result of the change of control terms of the bond indenture. As a result, the Company recorded an extraordinary charge for the debt extinguishment of approximately $4.4 million, net of taxes.

6.75% Convertible Notes

In July 1999, the Company issued $400 million of 10-year, convertible subordinated debentures to Oak Hill Capital Partners, L.P. These notes are convertible into common stock of the Company at a price of $29.89 per common share at the option of the holder. For as long as this debt is outstanding, these notes bear a coupon rate of 6.75% per annum, with the associated interest expense being added to the debt principal amount. Through December 31, 1999, the Company has recorded $12.0 million in interest expense and has adjusted the carrying amount of the debt accordingly.

PSINet Forward Sale

The Company's investment in PSINet consists of 21.6 million shares after adjusting for their February 2000 two-for-one stock split. In June and July 1999, Broadwing Communications received approximately $111.8 million representing amounts from a financial institution in connection with two prepaid forward sale contracts on six million shares of the PSINet common stock. This amount is accounted for as notes payable and is collateralized by these six million shares of PSINet common stock owned by the Company. Each forward-sale obligation for three million shares of PSINet stock may be settled at specified dates in the first and second quarter of 2002 for a maximum amount of three million shares of PSINet stock, or at the Company's option, the equivalent value in cash. Since it is the Company's current intention to settle these obligations in PSINet stock, the carrying amount of the liability is marked-to-market each period with an offsetting adjustment to the "unrealized gain on investments" caption within other comprehensive income.

Bank Notes

In November 1999, the Company obtained a $2.1 billion credit facility from a group of 24 lending institutions. The credit facility consists of $900 million in revolving credit and $750 million in term loans from banking institutions and $450 million in term loans from non-banking institutions. At December 31, 1999, the Company had drawn approximately $755 million from the credit facility in order to refinance its existing debt and debt assumed as part of the Merger. In January 2000, the Company borrowed approximately $400 million in order to redeem the outstanding 9% Senior Subordinated Notes assumed during the Merger as part of a tender offer. This tender offer was required under the terms of the bond indenture due to the change in control provision. Accordingly, the Company has approximately $900 million in additional borrowing capacity under this facility as of the date of this report. This facility's financial covenants require that the Company maintain certain debt to EBITDA ratios, debt to capitalization ratios, fixed to floating rate debt ratios and interest coverage ratios. This facility also contains covenants which, among other things, restrict the Company's ability to incur additional debt, pay dividends, repurchase Company common stock, sell assets or merge with another company.

The interest rates to be charged on borrowings from this credit facility can range from 100 to 225 basis points above the London Interbank Offering Rate (LIBOR), depending on the Company's credit rating. The current borrowing rate is approximately 200 basis points. The Company will incur banking fees in association with this credit facility ranging from 37.5 basis points to 75 basis points, applied to the unused amount of borrowings of the facility.

Annual maturities of long-term debt and minimum payments under capital leases for the five years subsequent to December 31, 1999 are as follows:

Millions of dollars at December 31	1999
Debentures/Notes	
Year of Maturity	
2000	$ —
2001	—
2002	20.0
2003	20.0
2004	—
2005	325.0
Thereafter	1,592.0
Subtotal	1,957.0
PSINet Forward Sale	133.9
Capital leases and other	45.1
Total	$2,136.0

Interest expense recognized on the Company's debt is as follows:

Millions of dollars Year ended December 31	**1999**	1998	1997
Interest expense:			
Long-term debt	**$55.8**	$20.8	$23.2
Short-term debt	**5.5**	4.9	6.1
Other	**0.4**	(1.5)	0.8
Total	**$61.7**	$ 24.2	$ 30.1

Interest capitalized during 1999, 1998 and 1997 was $3.8 million, $1.9 million and $1.3 million, respectively.

Extraordinary items related to the early extinguishment of debt affected both years. In 1999, costs related to the early extinguishment of Broadwing Communications' debt as a result of to the Merger resulted in a $6.6 million charge, net of taxes. The spin-off of Convergys Corporation in 1998 reduced the borrowing capacity that was needed from the Company's then-existing credit facility and some debt and a portion of that credit facility were retired, resulting in a $1.0 million extraordinary charge, net of tax.

6. Minority Interest

Millions of dollars Year ended December 31	**1999**	1998
Minority interest consists of:		
12.5% Exchangeable Preferred Stock	**$418.2**	$ —
Minority Interest in Cincinnati Bell		
Wireless held by AT&T PCS	**13.1**	29.0
Other	**2.7**	
Total	**$434.0**	$ 29.0

Broadwing Communications has outstanding approximately $400 million, or 400,000 shares of 12 1/2% Junior Exchangeable Preferred Stock (12 1/2% Preferreds). The 12 1/2% Preferreds are mandatorily redeemable on August 15, 2009 at a price equal to their liquidation preference ($1,000 a share), plus accrued and unpaid dividends. Dividends on the 12 1/2% Preferreds are currently being effected through additional shares of the 12 1/2% Preferreds. This option is available to the Company until February 15, 2001, at which time all dividends are required to be paid in cash. The Company converted to a cash pay option for these dividends on February 15, 2000. Dividends on the 12 1/2% Preferreds are classified as minority interest expense in the Consolidated Statements of Income and Comprehensive Income. At the Merger date, and as part of purchase accounting, the 12 1/2% Preferreds were adjusted to fair market value which exceeds the redemption value. As such, the accretion of the difference between the new carrying value and the mandatory redemption value is treated as an offsetting reduction to minority interest expense.

AT&T PCS maintains a 19.9% ownership in the Company's Cincinnati Bell Wireless (CBW) subsidiary. The balance is adjusted as a function of AT&T PCS' 19.9% share of the adjusted net income (or loss) of CBW, with an offsetting amount being reflected in the Consolidated Statements of Income and Comprehensive Income under the caption "Minority Interest and Other Income (Expense), Net."

7. Common and Preferred Shares

Common Shares

Par value of the common shares is $.01 per share. At December 31, 1999 and 1998, common shares outstanding were 200.9 million and 136.4 million, respectively. Common shares outstanding at December 31, 1999 include the issuance of 68.4 million shares in association with the Merger. In July 1999, the Company's Board of Directors approved a share repurchase program authorizing the repurchase of as much as $200 million in common shares of the Company. As of December 31, 1999, the Company had repurchased approximately 7.8 million shares of Company common stock at a cost of $145 million.

Common Share Purchase Rights Plan

In the first quarter of 1997, the Company's Board of Directors adopted a Share Purchase Rights Plan by granting a dividend of one preferred share purchase right for each outstanding common share to shareowners of record at the close of business on May 2, 1997. Under certain conditions, each right entitles the holder to purchase one-thousandth of a Series A Preferred Share. The rights cannot be exercised or transferred apart from common shares, unless a person or group acquires 15% or more of the Company's outstanding common shares. The rights will expire May 2, 2007, if they have not been redeemed.

Preferred Shares

The Company is authorized to issue up to four million voting preferred shares and one million nonvoting preferred shares.

In connection with the Merger, the Company issued 155,250 shares of 6 3/4% cumulative convertible preferred stock. The 6 3/4% convertible preferred stock can be converted at any time at the option of the holder into common stock of the Company. The conversion rate is 28.84 shares of Company common stock per share of 6 3/4% convertible preferred stock. Dividends on the 6 3/4% convertible preferred stock are payable quarterly in arrears in cash or common stock.

Also in connection with the Merger, the Company issued approximately $100 million (1,074,000 shares) of 7 1/4% junior convertible preferred stock due 2007. As of the date of this report 1,058,380 shares remain outstanding. The 7 1/4% convertible preferred stock is convertible at the option of the Holder into shares of common stock at a conversion rate of 8.94 shares of common stock for each share of 7 1/4% convertible preferred stock. The shares are redeemable at a price of 104.83% on April 3, 2000. On March 31, 2007, the 7 1/4% convertible preferred stock must be redeemed at a price equal to the liquidation preference ($100 per share) plus accrued and unpaid dividends. If paid in kind, dividends accrue at 8 3/4%. The difference between the carrying value of the 7 1/4% convertible preferred stock and its redemption value is being accreted to additional paid-in-capital through the mandatory redemption date, and this accretion is included in dividends and accretion applicable to preferred stock. Since this preferred stock is mandatorily redeemable, it is not classified within shareowners' equity.

8. Earnings Per Common Share

Basic earnings per common share are based upon the weighted average number of common shares outstanding during the period. Diluted earnings per common share reflects the potential dilution that would occur if common stock equivalents were exercised. The following table is a reconciliation of the numerators and denominators of the basic and diluted earnings per common share computations for income from continuing operations, before extraordinary items, for the following periods:

Shares and dollars in millions (except per share amounts) Year ended December 31	**1999**	1998	1997
Numerator:			
Income from continuing operations	**$38.0**	$81.8	$102.3
Preferred Stock dividends	**2.1**	—	—
Numerator for basic earnings per common share and earnings per common share assuming dilution – income applicable to common shareowners	**$35.9**	$81.8	$102.3
Denominator:			
Denominator for basic earnings per common share – weighted average common shares	**144.3**	136.0	135.2
Potential dilution:			
Stock options	**5.6**	1.7	1.9
Stock-based compensation arrangements	**.8**	.5	.6
Denominator for diluted earnings per common share	**150.7**	138.2	137.7
Basic earnings from continuing operations per common share	**$.25**	$.60	$.76
Earnings from continuing operations per common share assuming dilution	**$.24**	$.59	$.74

Options to purchase 4,107,471 weighted average shares of common stock at an average of $20.75 per share were outstanding during the year ended December 31, 1999, but were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares. The 6 3/4% convertible debentures and 7 1/4% convertible preferred stocks are also excluded from the diluted EPS calculation because they are anti-dilutive. The inclusion of the convertible debentures and preferred stocks would have added 13.8 million and 9.5 million shares, respectively, to the denominator of the EPS calculation.

9. Income Taxes

Income tax expense consists of the following:

Millions of dollars Year ended December 31	**1999**	1998	1997
Current:			
Federal	**$52.3**	$51.1	$57.3
State and local	**6.9**	7.6	4.3
Total current	**59.2**	58.7	61.6
Deferred:			
Federal	**(21.2)**	(12.1)	(5.0)
State and local	**(3.5)**	(0.7)	0.9
Total deferred	**(24.7)**	(12.8)	(4.1)
Investment tax credits	**(1.2)**	(1.6)	(1.2)
Total	**$33.3**	$44.3	$56.3

Income taxes decreased $11 million in comparison to the prior year as a function of lower pre-tax income and the offsetting impact of nondeductible expenses such as goodwill amortization and preferred stock dividends.

The following is a reconciliation of the statutory Federal income tax rate with the effective tax rate for each year:

	1999	1998	1997
U.S. Federal statutory rate	**35.0%**	35.0%	35.0%
State and local income taxes, net of federal income tax benefit	**3.4**	3.3	0.9
Amortization of non-deductible intangible assets	**4.6**	—	—
Dividends on preferred stock	**3.2**	—	—
Investment and research tax credits	**(0.9)**	(1.6)	(1.5)
Other differences	**1.4**	(1.6)	1.1
Effective rate	**46.7%**	35.1%	35.5%

The income tax effects relating to other comprehensive income components were $104.0 million in 1999. These tax impacts were not significant in 1998 and 1997.

The components of the Company's deferred tax assets and liabilities are as follows:

Millions of dollars at December 31	**1999**	1998
Deferred tax assets:		
Loss carryforwards	**$126.2**	—
Unearned revenues	**193.9**	—
Investment in subsidiaries	**46.5**	9.6
Other	**80.0**	39.3
Total deferred tax asset	**$446.6**	$48.9
Deferred tax liabilities:		
Depreciation and amortization	**$400.8**	$22.3
Unrealized gain on investments	**227.1**	—
Other	**4.6**	—
Total deferred tax liabilities	**$ 632.5**	$22.3
Net deferred tax (liability) asset	**$(185.9)**	$26.6

The Company recorded gross deferred tax assets of approximately $346.3 million and gross deferred tax liabilities of approximately $484.3 million upon the Merger. Tax loss carryforwards will generally expire between 2001 and 2018. U.S. tax laws limit the annual utilization of tax loss carryforwards of acquired entities. These limitations should not materially impact the utilization of the tax carryforwards.

10. Employee Benefit Plans

Pensions and Post-retirement Plans

The Company sponsors three noncontributory defined benefit pension plans: one for eligible management employees, one for non-management employees and one supplementary, nonqualified, unfunded plan for certain senior managers.

The pension benefit formula for the management plan is a cash balance plan; the pension benefit is determined by a combination of compensation-based credits and annual guaranteed interest credits. The non-management pension is also a cash balance plan; the pension benefit is determined by a combination of service and job-classification-based credits and annual interest credits. Benefits for the supplementary plan are based on years of service and eligible pay. Funding of the management and non-management plans is achieved through contributions to an irrevocable trust fund. The contributions are determined using the aggregate cost method.

The Company uses the projected unit credit cost method for determining pension cost for financial reporting purposes. It accounts for certain benefits provided under early retirement packages, discussed in Note 3 as a special termination benefit.

The Company also provides health care and group life insurance benefits for retirees with a service pension. The Company funds its group life insurance benefits through Retirement Funding Accounts and funds health care benefits using Voluntary Employee Benefit Association (VEBA) trusts. It is the Company's practice to fund amounts as deemed appropriate from time to time. Contributions are subject to IRS limitations developed using the aggregate cost method. The associated plan assets are primarily equity securities and fixed income investments. The Company recorded an accrued post-retirement benefit liability of $44.9 million at December 31, 1999.

The following information relates to all Company non-contributory defined-benefit pension plans, post-retirement healthcare, and life insurance benefit plans.

Effective January 1, 1999, after the spin-off of Convergys, pension assets were divided between the pension trusts of the Company and Convergys so that each company's plans had the required assets to meet the minimum requirements set forth in applicable benefit and tax regulations. The remaining assets in excess of the minimum requirements were divided between the pension trusts of the Company and Convergys in accordance with the Employee Benefits Agreement between the two companies.

Pension and post-retirement benefit cost are as follows:

Millions of dollars Year ended December 31	Pension Benefits 1999	1998	1997	Postretirement and Other Benefits 1999	1998	1997
Service cost (benefits earned during the period)	**$6.0**	$4.8	$ 3.7	**$1.8**	$1.5	$1.3
Interest cost on projected benefit obligation	**30.3**	18.1	20.0	**14.4**	15.3	15.2
Expected return on plan assets	**(37.8)**	(23.3)	(23.0)	**(10.3)**	(9.4)	(7.3)
Settlement gains	—	—	(21.0)	—	—	—
Curtailment loss	—	1.4	0.2	—	—	—
Amortization of:						
Transition (asset)/obligation	**(2.4)**	(1.3)	(1.5)	**4.9**	4.9	4.9
Prior service cost	**1.5**	0.7	0.7	**0.3**	0.2	0.2
Net (gain)/loss	**0.3**	0.3	0.3	**(0.3)**	(0.2)	(0.1)
Actuarial net pension cost (income)	**$ (2.1)**	$ 0.7	$ (20.6)	**$ 10.8**	$ 12.3	$ 14.2

Reconciliation of the beginning and ending balance of the plans' funded status were:

Millions of dollars Year ended December 31	Pension Benefits 1999	1998	Postretirement and Other Benefits 1999	1998
Change in benefit obligation:				
Benefit obligation at January 1	**$476.5**	$ 457.5	**$234.8**	$222.3
Service cost	**6.0**	4.8	**1.8**	1.5
Interest cost	**30.2**	18.1	**14.4**	15.2
Amendments	**8.9**	1.4	**(0.4)**	—
Actuarial (gain) loss	**(44.1)**	34.3	**(34.1)**	12.3
Curtailment	—	0.9	—	—
Benefits paid	**(42.8)**	(40.5)	**(15.3)**	(16.5)
Benefit obligation at December 31	**$434.7**	$476.5	**$201.2**	$234.8
Change in plan assets:				
Fair value of plan assets at January 1	**$579.3**	$543.2	**$127.9**	$112.1
Actual return on plan assets	**125.0**	71.8	**9.3**	17.5
Employer contribution	**4.7**	4.8	**13.4**	14.8
Benefits paid	**(42.8)**	(40.5)	**(15.3)**	(16.5)
Fair value of plan assets at December 31	**$666.2**	$579.3	**$135.3**	$127.9
Reconciliation to Balance Sheet:				
Funded status	**$231.5**	$102.8	**$(65.9)**	$(106.9)
Unrecognized transition asset	**(12.0)**	(14.4)	**62.9**	68.6
Unrecognized prior service cost	**26.6**	19.2	**2.7**	2.6
Unrecognized net gain	**(237.1)**	(105.5)	**(44.6)**	(11.8)
Net amount recognized	**$9.0**	$2.1	**$(44.9)**	$(47.5)

The combined net prepaid benefit expense consists of:

Millions of dollars	Year ended December 31	Pension Benefits	
		1999	1998
Prepaid benefit cost		**$42.0**	$38.2
Accrued benefit liability		**(39.1)**	(44.2)
Intangible asset		**1.3**	1.2
Accumulated other comprehensive income		**4.8**	6.9
Net amount recognized		**$ 9.0**	$ 2.1

At December 31, 1999 and 1998, Pension plan assets include $51.4 million in Company common stock and $52.8 million in Company and Convergys common stocks, respectively.

The following are the weighted average assumptions as of December 31:

At December 31	Pension Benefits			Other Benefits		
	1999	1998	1997	**1999**	1998	1997
Discount rate – projected benefit obligation	**7.75 %**	6.50%	7.00%	**7.75 %**	6.50%	7.00%
Expected long-term rate of return on Pension and VEBA plan assets	**8.25 %**	8.25%	8.25%	**8.25 %**	8.25%	8.25%
Expected long-term rate of return on retirement fund account assets	—	—	—	**8.00%**	8.00%	8.00%
Future compensation growth rate	**4.50 %**	4.00%	4.00%	**4.50%**	4.00%	4.00%

The assumed health care cost trend rate used to measure the post-retirement health benefit obligation at December 31, 1999, was 7.43% and is assumed to decrease gradually to 4.5% by the year 2004. In addition, a one percentage point change in assumed health care cost trend rates would have the following effect on the post-retirement benefit costs and obligation:

Millions of dollars	1% Increase	1% Decrease
1999 service and interest costs	$ 0.5	$ (0.4)
Post-retirement benefit obligation at December 31, 1999	$ 6.6	$ (5.8)

Savings Plans

The Company sponsors several defined contribution plans covering substantially all employees. The Company's contributions to the plans are based on matching a portion of the employee contributions or on a percentage of employee earnings or net income for the year. Total Company contributions to the defined contribution plans were $4.5 million, $4.0 million and $3.4 million for 1999, 1998, and 1997, respectively. These amounts exclude $6.8 million and $5.8 million in 1998 and 1997 respectively, related to the spin-off of Convergys.

11. Stock-Based Compensation Plans

During 1999 and in prior years, certain employees of the Company were granted stock options and other stock-based awards under the Company's Long-Term Incentive Plan (Company LTIP). Under the Company LTIP, options are granted with exercise prices that are no less than market value of the stock at the grant date. Generally, stock options have ten-year terms and vesting terms of three to five years. There were no Company stock appreciation rights granted or outstanding during the three-year period ended December 31, 1999. The number of shares authorized and available for grant (excluding those granted in the Merger) under this plan were approximately 20 million and 8 million, respectively at December 31, 1999.

Effective December 31, 1998, awards outstanding under the Company LTIP were modified such that, for each Company option or share award, the holder also received a Convergys option or share award pursuant to Convergys' Long-Term Incentive Plan (Convergys LTIP). These Convergys stock options or share awards have the same vesting provisions, option periods and other terms and conditions as the original Company options. In addition, upon completion of the Merger, the historic IXC options were exchanged for Company options with the same vesting provisions, option periods, and other terms and conditions of the original IXC options.

The Company follows the disclosure-only provisions of SFAS 123, "Accounting for Stock-Based Compensation," but applies Accounting Principles Board Opinion 25 and related interpretations in accounting for its plans. If the Company had elected to recognize compensation cost for the issuance of the Company or Convergys options to employees based on the fair value at the grant dates for awards consistent with the method prescribed by SFAS 123, net income and earnings per share would have been impacted as follows:

Millions of dollars except per share amounts	Year ended December 31	**1999**	1998	1997
Net income (loss):				
As reported		**$31.4**	$149.9	$(16.4)
Pro forma compensation expense, net of tax benefits		**(7.8)**	(2.1)	(5.1)
Total pro forma		**$23.6**	$147.8	$(21.5)
Diluted earnings (loss) per share:				
As reported		**$ .20**	$ 1.08	$ (.12)
Pro forma		**$ .14**	$ 1.06	$ (.16)

The pro forma effect on net income (loss) for all periods shown above is not representative of the pro forma effect on net income in future years because it does not take into consideration pro forma compensation expense related to grants made prior to 1995. In addition, the pro forma disclosure for all periods shown does not take into consideration pro forma IXC option grants prior to the Merger. Additionally, the pro forma disclosure for 1998 includes incremental compensation expense based on the difference in the fair value of the replacement options issued at the date of the distribution to employees who held Company options.

The weighted average fair values at the date of grant for the Company options granted to employees during 1999 and 1998 were $8.40 and $8.73, respectively. Such amounts were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	1999	1998	1997
Expected dividend yield	—	1.4%	1.8%
Expected volatility	**48.0%**	25.0%	29.9%
Risk-free interest rate	**6.4%**	5.7%	6.2%
Expected holding period — years	**4**	4	4

Presented below is a summary of the status of outstanding Company stock options issued to employees, the issuance of Convergys options to Company option holders at the date of distribution, and related transactions:

	Shares	Weighted Average Exercise Price
Company options held by employees at January 1, 1997	2,518	$13.14
Granted	357	$30.01
Exercised	(196)	$10.08
Forfeited/expired	(15)	$23.90
Company options held by employees at December 31, 1997	2,664	$17.16
Granted	374	$31.25
Exercised	(124)	$12.02
Forfeited/expired	(80)	$28.26
Company options held by employees at December 31, 1998	2,834	$20.33
Effect of Convergys Split	4,450	$11.61
Company options held by employees at January 1, 1999	7,284	$8.72
Granted in IXC acquisition	14,583	$15.78
Granted to employees	11,341	$19.38
Exercised	(3,198)	$11.57
Forfeited/expired	(1,308)	$17.55
Company options held by employees at December 31, 1999	28,702	$15.81

The following table summarizes the status of Company stock options outstanding and exercisable at December 31, 1999:

Shares in thousands	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$1.440 to $12.981	7,785	6.14	$8.02	5,802	$6.80
$12.994 to $16.781	11,150	9.11	$16.13	2,515	$15.38
$17.500 to $25.406	7,993	9.36	$20.18	2,169	$20.48
$25.450 to $31.563	1,774	6.08	28.36	520	26.80
Total	28,702		$15.81	11,006	$12.40

Restricted stock awards during 1999, 1998 and 1997 were 739,250 shares, 320,000 shares, and 126,000 shares, respectively. The weighted average market value of the shares on the grant date were $17.37 in 1999 and, on a pre-spin-off basis, $32.59, and $29.48 in 1998 and 1997, respectively. Restricted stock awards generally vest within one to five years. Total compensation expense for restricted stock awards during 1999, 1998, and 1997 was $5.7 million, $.6 million and $.6 million, respectively.

On January 4, 1999, the Company announced stock option grants to each of its approximately 3,500 employees. According to the terms of this program, stock option grant recipients remaining with the Company until January 4, 2002, can exercise their options to purchase up to 500 common shares each. The exercise price for these options is $16.75 per share, the average of the opening and closing prices for the Company's common stock on the date of the grant. This plan includes a provision for option grants to future employees, in smaller amounts and at an exercise price based on the month of hire. Grant recipients must exercise their options prior to January 4, 2009. The Company does not expect a significant amount of dilution as a result of this grant.

12. Discontinued Operations

On December 31, 1998, the Company completed the tax-free spin-off of its Convergys subsidiary by distributing shares of Convergys common stock to Company shareowners on a one-for-one basis, resulting in a $520.7 million reduction in the Company's common shareowners' equity in 1998.

For 1998 and all prior periods, the consolidated financial statements have been restated to reflect the disposition of Convergys as discontinued operations. Accordingly, the revenues, costs and expenses, assets and liabilities, and cash flows of Convergys have been reported as discontinued operations in the financial statements.

Summarized financial information for the discontinued operations is as follows:

Millions of dollars	Year ended December 31	1998	1997
Results of Operations			
Revenues		$1,387.3	$922.3
Income before income taxes		118.3	138.3
Income taxes		49.2	47.0
Net income		$ 69.1	$ 91.3
Financial Position			
Current assets		$ 360.5	$ 265.8
Total assets		1,450.9	654.4
Current liabilities		697.9	216.7
Total liabilities		930.2	223.6
Net assets of discontinued operations		$ 520.7	$ 430.8

Income before income taxes includes allocated interest expense of $33.7 million and $5.4 million in 1998 and 1997, respectively. Interest expense was allocated based on the capital structure of Convergys anticipated at the date of distribution and the Company's weighted average interest rates. The effective tax rates for discontinued operations were 42% and 34%, respectively.

In 1998 and 1997, the Company had revenues from Convergys of $10.1 million and $18.6 million, respectively, resulting from the provision of communications and other services.

In 1998 and 1997, the Company incurred costs for services provided by Convergys of $49.8 million and $49.6 million, respectively, resulting from billing and customer management services.

The Company and Convergys entered into the Plan of Reorganization and Distribution Agreement (the Plan) dated July 20, 1998. The Plan provided, among other things, that the Company indemnify Convergys for all liabilities arising from the Company's business and operations and for all contingent liabilities related to the Company's business and operations otherwise assigned to the Company. The Plan provided for the equal sharing of contingent liabilities not allocated to one of the companies. In addition, the Company has a number of other agreements with Convergys regarding federal, state and local tax allocation and sharing, employee benefits, general services, billing and information services provided to the Company by Convergys, and telecommunications support services provided by the Company to Convergys.

13. Discontinuation of SFAS 71

In the fourth quarter of 1997, the Company determined that the application of SFAS 71, "Accounting for the Effects of Certain Types of Regulation", was no longer appropriate as a result of changes in CBT's competitive and regulatory environment. Accordingly, the application of SFAS 71 was discontinued at CBT, resulting in an extraordinary non-cash charge of $210.0 million, which is net of a related tax benefit of $129.2 million.

The components of the charge are as follows:

Millions of dollars	
Reduction in plant-related balances	$327.7
Elimination of other net regulatory assets and liabilities	11.5
Total pre-tax charge	$339.2
Total after-tax charge	$210.0

The change in plant balances primarily represents an increase in accumulated depreciation of $309.0 million for the removal of an embedded regulatory asset resulting from the use of regulatory lives for depreciation of plant assets which have typically been longer than the estimated economic lives. The adjustment was supported by a discounted cash flow analysis which estimated amounts of plant that may not be recoverable from future cash flows. The adjustment also included elimination of accumulated depreciation reserve deficiencies recognized by regulators and amortized as part of depreciation expense and an adjustment of approximately $9.5 million to fully depreciate analog switching equipment scheduled for replacement.

The discontinuance of SFAS 71 also required CBT to eliminate from its balance sheet the effects of any other actions of regulators that had been recognized as assets and liabilities pursuant to SFAS 71, but would not have been recognized as assets and liabilities by enterprises in general. Prior to the discontinuance of SFAS 71, CBT had recorded deferred income taxes (and a regulatory asset) based upon the cumulative amount of income tax benefits previously flowed through to ratepayers. The discontinuation of SFAS 71 at CBT had no effect on the accounting for the Company's other subsidiaries.

14. Additional Financial Information

Balance Sheet

Millions of dollars Year ended December 31	1999	1998	Depreciable Lives (Yrs.)
Property Plant and Equipment, Net:			
Land and rights of way	**$155.9**	$ 5.0	0 - 30
Buildings and Leasehold Improvements	**428.3**	164.0	5 - 40
Telephone Plant	**1,697.2**	1,438.5	6 - 29
Transmission system	**1,074.4**	65.9	5 - 20
Furniture, vehicles, and other	**225.7**	187.4	8 - 15
Construction in Process	**232.0**	12.4	—
	3,813.5	1,873.2	
Less: Accumulated depreciation	**1,312.6**	1,175.0	
Property Plant and Equipment, Net	**$2,500.9**	$698.2	

Millions of dollars Year ended December 31	1999	1998	Amortization Lives (Yrs.)
Goodwill and other intangibles:			
Goodwill	**$2,247.7**	$ 94.6	5 - 40
Assembled workforce	**24.0**	—	2 - 4
Installed customer base	**373.0**	—	2 - 20
Other Intangibles	**60.6**	14.3	3 - 40
	2,705.3	108.9	
Less: Accumulated amortization	**(25.4)**	(5.6)	
Goodwill and Other Intangibles	**$2,679.9**	$ 103.3	

Millions of dollars Year ended December 31	1999	1998
Other current liabilities:		
Accrued payroll and benefits	**$ 48.9**	$ 33.9
Accrued interest	**18.8**	15.1
Accrued restructuring costs	**30.2**	0.5
Other current liabilities	**59.6**	44.3
Total	**$ 157.5**	$ 93.8
Accumulated other comprehensive income (loss):		
Unrealized gain on investments	**$170.0**	—
Additional minimum pension liability	**(3.1)**	(6.7)
Total	**$166.9**	$ (6.7)

Statement of Cash Flows

Millions of dollars Year ended December 31	1999	1998	1997
Cash paid for:			
Interest (net of amount capitalized)	**$53.8**	$26.8	$29.6
Income taxes (net of refunds)	**$40.2**	$81.4	$82.8
Noncash investing and financing activities:			
Common stock, warrants and options issued in purchase of business	**$1,909.0**	—	—
Preferred stock dividends	**$ 12.0**	—	—
Accretion of preferred stock	**$ 2.4**	—	—
Fiber exchange agreements	**$ 2.7**	—	—

15. Business Segment Information

The Company is organized on the basis of products and services. The Company's segments are strategic business units that offer distinct products and services and are aligned with specific subsidiaries of the Company. The Company operates in the five business segments described below.

The Local Communications segment provides local, long distance, data networking and transport, Internet and payphone services, as well as sales of communications equipment, in southwestern Ohio, northern Kentucky, and southeastern Indiana. Services are marketed and sold to both residential and business customers and delivered via the Company's Cincinnati Bell Telephone and Zoomtown.com subsidiaries.

The Broadband segment utilizes an advanced, fiber-optic network to provide private line, switched access, data transport, Internet-based, and other services to end user customers. Additionally, excess network capacity is leased (in the form of indefeasible right-to-use agreements) to other telecommunications providers and to Internet service providers.

The Wireless segment holds the Company's Cincinnati Bell Wireless subsidiary (an 80%-owned venture with AT&T Wireless PCS, Inc.) which provides advanced digital personal communications and sales of related communications equipment to customers in its Greater Cincinnati and Dayton, Ohio operating areas.

The Directory segment sells directory advertising and information services primarily to business customers in the aforementioned area. This segment's identifiable product is the Yellow Pages directory delivered via the Company's Cincinnati Bell Directory subsidiary.

Other Communications combines the operations of Cincinnati Bell Long Distance (CBLD), Cincinnati Bell Supply (CBS), and Broadwing IT Consulting segments. CBLD resells long distance, voice, data, frame relay, and Internet access services to small- and medium-sized business customers in a regional area consisting mainly of six states. CBS sells new computers and resells telecommunications equipment in the secondary market, and Broadwing IT Consulting provides network integration and consulting services.

The Company evaluates performance of its segments and allocates resources to them based on EBITDA (earnings before interest, taxes, depreciation, amortization, and restructuring and other charges/credits). EBITDA is commonly used in the communications industry to measure operating performance. EBITDA is not intended to represent cash flows for the periods. Because EBITDA is not calculated identically by all companies, the amounts presented for the Company may not be comparable to similarly titled measures of other companies.

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e., at current market prices. The accounting policies of the business segments are the same as those described in Accounting Policies (see Note 1). Certain corporate administrative expenses have been allocated to segments based upon the nature of the expense.

Millions of dollars Year ended December 31	1999	1998	1997
Revenues			
Local Communications	**$ 750.1**	$718.4	$670.1
Broadband	**99.0**	—	—
Wireless	**91.4**	—	—
Directory	**74.2**	72.9	72.9
Other Communications	**131.3**	106.1	101.7
Intersegment	**(14.9)**	(12.3)	(10.2)
Total	**$1,131.1**	$885.1	$834.5
Intersegment Revenues			
Local Communications	**$ 6.8**	$ 6.8	$6.0
Broadband	—	—	—
Wireless	—	—	—
Directory	**0.4**	0.4	—
Other Communications	**7.7**	5.1	4.2
Total	**$14.9**	$12.3	$10.2
EBITDA			
Local Communications	**$320.8**	$ 247.9	$ 246.3
Broadband	**0.2**	—	—
Wireless	**(25.6)**	(0.8)	(2.8)
Directory	**27.2**	25.5	25.0
Other Communications	**3.0**	14.6	17.2
Corporate and Eliminations	**10.1**	2.8	9.0
Total	**$335.7**	$290.0	$294.7
Assets			
Local Communications	**$781.4**	$ 749.5	$ 706.4
Broadband	**5,154.0**	—	—
Wireless	**268.4**	212.1	—
Directory	**26.9**	28.4	30.6
Other Communications	**55.7**	35.2	32.6
Corporate and Eliminations	**222.2**	15.8	74.7
Total	**$6,508.6**	$1,041.0	$844.3
Capital Additions			
Local Communications	**$152.2**	$ 134.9	$ 140.0
Broadband	**165.0**	—	—
Wireless	**55.9**	2.2	1.5
Directory	**0.2**	0.1	—
Other Communications	**8.1**	3.9	5.6
Corporate	—	2.5	11.3
Total	**$381.4**	$ 143.6	$ 158.4
Depreciation and Amortization			
Local Communications	**$113.8**	$106.2	$ 120.6
Broadband	**46.7**	—	—
Wireless	**14.3**	—	—
Directory	**0.1**	0.1	—
Other Communications	**6.1**	3.7	3.3
Corporate	—	1.1	0.4
Total	**$181.0**	$ 111.1	$ 124.3

16. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate, where practicable, the fair value of each class of financial instruments:

Cash and cash equivalents, and short-term debt — the carrying amount approximates fair value because of the short-term maturity of these instruments.

Accounts receivable and accounts payable – the carrying amounts reported in the balance sheets for accounts receivable and accounts payable approximate fair value.

Notes receivable – the carrying amounts reported in the balance sheet for notes receivable approximate fair value because of the short-term nature of the notes and because their interest rates are comparable to current rates.

Long-term debt — the fair value is estimated based on year-end closing market prices of the Company's debt and of similar liabilities. The carrying amounts at December 31, 1999, and 1998 were $1,957.0 million and $340.0 million, respectively. The estimated fair values at December 31, 1999 and 1998 were $1,805.0 million and $355.1 million, respectively. Long-term debt also includes the forward sale of six million shares of PSINet common stock, as further described in Note 5. The Company is adjusting the carrying amount of this liability as required by the forward sale agreement. The carrying amount of this obligation at December 31, 1999 was $133.9 million.

Convertible preferred stock – the fair values of the 7 1/4% Convertible Preferred Stock and the 12 1/2% Exchangeable Preferred Stock were $285.8 million and $435.5 million, respectively, and were based on the trading values of these items at December 31, 1999.

Interest rate risk management —The Company is exposed to the impact of interest rate changes. The Company's objective is to manage the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. The Company continuously monitors the ratio of variable to fixed interest rate debt to maximize its total return. As of December 31, 1999, approximately 61% of debt was long-term, fixed-rate debt and approximately 39% was bank loans with variable interest rates.

17. Cincinnati Bell Telephone Company

The following summarized financial information is for the Company's consolidated wholly owned subsidiary, Cincinnati Bell Telephone Company:

Income Statement

Millions of dollars — Year ended December 31	**1999**	1998	1997
Revenues	**$750.1**	$ 718.4	$ 670.1
Costs and expenses	**$544.2**	$ 576.6	$ 523.3
Net income before extraordinary item	**$119.3**	$ 81.7	$ 85.2
Net income (loss)	**$119.3**	$ 81.1	$ (124.8)

Balance Sheet

Millions of dollars — at December 31	**1999**	1998
Current assets	**$148.5**	$151.6
Telephone plant – net	**606.9**	580.8
Other noncurrent assets	**26.0**	17.1
Total assets	**$781.4**	$749.5
Current liabilities	**$161.6**	$144.2
Noncurrent liabilities	**45.1**	38.7
Long-term debt	**322.0**	317.1
Shareowner's equity	**252.7**	249.5
Total liabilities and shareowner's equity	**$781.4**	$749.5

18. Quarterly Financial Information (Unaudited)

All adjustments necessary for a fair statement of income for each period have been included.

Millions of dollars except per common share amounts	1st	2nd	3rd	4th	Total
1999					
Revenues	**$242.2**	**$253.6**	**$262.4**	**$ 372.9**	**$ 1,131.1**
EBITDA	**$ 77.6**	**$ 84.4**	**$ 91.6**	**$ 82.1**	**$ 335.7**
Operating Income	**$ 45.3**	**$ 51.8**	**$ 58.3**	**$ (11.6)**	**$ 143.8**
Income from:					
Continuing Operations	**$ 24.7**	**$ 28.3**	**$ 25.8**	**$ (40.8)**	**$ 38.0**
Extraordinary Item	**$ -**	**$ -**	**$ -**	**$ (6.6)**	**$ (6.6)**
Net Income	**$ 24.7**	**$ 28.3**	**$ 25.8**	**$ (47.4)**	**$ 31.4**
Basic Earnings Per Common Share	**$ .18**	**$ .21**	**$ .19**	**$ (.29)**	**$ .20**
Diluted Earnings Per Common Share	**$ .18**	**$ .20**	**$ .19**	**$ (.29)**	**$ .20**

In the fourth quarter of 1999, the extraordinary item was for the early extinguishment of long-term debt associated with the Merger. This reduced net income by $6.6 million, or $.04 per common share, net of tax. The third quarter results have been restated to reflect an equity share of IXC's losses as part of the step acquisition that was finalized on November 9, 1999.

Millions of dollars except per common share amounts	1st	2nd	3rd	4th	Total
1998					
Revenues	$216.5	$219.5	$222.6	$ 226.5	$ 885.1
EBITDA	$ 68.1	$66.5	$ 75.5	$ 79.9	$ 290.0
Operating Income	$ 41.2	$ 39.5	$ 47.1	$ 52.2	$ 180.0
Income from:					
Continuing Operations	$ 22.5	$ 16.1	$ 21.0	$ 22.2	$ 81.8
Discontinued Operations, Net of Taxes	$ 0.3	$ 26.4	$ 27.4	$ 15.0	$ 69.1
Extraordinary Item	$ —	$ —	$ —	$ (1.0)	$(1.0)
Net Income	$ 22.8	$ 42.5	$ 48.4	$ 36.2	$ 149.9
Basic Earnings Per Common Share	$ .17	$ .31	$ .36	$ .26	$ 1.10
Diluted Earnings Per Common Share	$ .16	$ .31	$ .35	$ .26	$ 1.08

In the fourth quarter of 1998, the extraordinary items were for the early extinguishment of long-term debt and a portion of a credit facility. Net of tax, this reduced net income by $1.0 million or $.01 per common share.

19. Commitments and Contingencies

Lease Commitments

The Company leases certain facilities and equipment used in its operations. Total rental expenses were approximately $23.4 million, $11.7 million and $10.5 million in 1999, 1998 and 1997, respectively.

At December 31, 1999, the total minimum annual rental commitments under noncancelable leases are as follows:

Millions of dollars	Operating Leases	Capital Leases
2000	$49.9	$ 7.5
2001	36.1	7.5
2002	27.8	7.4
2003	24.1	4.5
2004	10.6	4.7
Thereafter	20.1	36.3
Total	$168.6	67.9
Amount representing interest		32.0
Present value of net minimum lease payments		$35.9

Commitments

In order to satisfy the contractual commitments that Broadwing has entered into with respect to IRU agreements, approximately 1,700 fiber route miles must be constructed at an approximate cost of $82 million.

Contingencies

In the normal course of business, the Company is subject to various regulatory proceedings, lawsuits, claims and other matters. Such matters are subject to many uncertainties and outcomes are not predictable with assurance.

The Company, as well as certain former members of IXC's board of directors, has been named as a defendant in five stockholder class action suits filed in the Delaware Court of Chancery (the Court). These suits were filed in July 1999 and pertain to the Company's recently completed merger with IXC. The complaints allege, among other things, that the defendants breached their fiduciary duties to IXC's former stockholders by failing to maximize stockholder value in connection with entering into the merger agreement and sought a court order enjoining completion of the merger. In an October 27, 1999 ruling, the Court denied plaintiffs' request for a preliminary injunction. The Merger has since closed and management believes that the performance of the Company's share price has rendered plaintiffs' arguments moot. While these suits currently remain outstanding and subject to further litigation, the Company does not believe any of plaintiffs' arguments have merit. The Company intends to continue exploring all available options to bring this matter to a close, including discussions toward a possible settlement.

A total of twenty-seven Equal Employment Opportunity Commission ("EEOC") charges were filed beginning in September 1999 by current Broadwing Telecommunications Inc. employees located in the Houston office (formerly Coastal Telephone, acquired by IXC in May 1999) alleging sexual harassment, race discrimination and retaliation. The Company is continuing its investigation of these charges and is cooperating with the EEOC. Many employee interviews have been conducted by the EEOC and discovery is ongoing at the present time.

In the course of closing Merger, the Company became aware of IXC's possible non-compliance with reporting requirements under certain federal environmental statutes. Since it was impossible to conduct a thorough investigation of all IXC facilities within the 10-day period required to take advantage of the EPA's self-policing policy, IXC, by letter dated November 8, 1999, elected to voluntarily disclose its possible non-compliance to the EPA. By letter dated January 19, 2000, the EPA determined that IXC appears to have satisfied the "prompt disclosure" requirement of the self-policing policy, and established a deadline of May 1, 2000 for the Company to complete its environmental audit of all IXC facilities and report any violations to the Agency. The Company intends to complete its environmental audit of these facilities within the time frame established by the

EPA and take whatever corrective actions are indicated.

The Company believes that the resolution of such matters for amounts in excess of those reflected in the consolidated financial statements would not likely have a materially adverse effect on the Company's financial condition.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

No disagreements with accountants on any accounting or financial disclosure or auditing scope or procedure occurred during the period covered by this report.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by this Item regarding directors of Broadwing can be found in the Proxy Statement for the Company's 2000 Annual Meeting of Shareholders, dated March 17, 2000, and incorporated herein by reference.

Information regarding executive officers required by Item 401 of Regulation S-K is furnished in a separate disclosure in Part I of this report under the caption "Executive Officers of the Registrant" since the registrant did not furnish such information in its definitive proxy statement prepared in accordance with Schedule 14A.

Items 11 and 12. Executive Compensation and Security Ownership of Certain Beneficial Owners and Management

The information required by these items can be found in the Proxy Statement for the Company's 2000 Annual Meeting of Shareholders dated March 17, 2000, and incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

Not Applicable.

IItem 14. Exhibits and Reports on Form 8-K.

Exhibits

Exhibits identified in parenthesis below, on file with the Securities and Exchange Commission ("SEC"), are incorporated herein by reference as exhibits hereto.

Exhibit Number	DESCRIPTION
(2.1)(a)	Agreement and Plan of Merger, dated as of July 20, 1999, among Cincinnati Bell Inc., an Ohio corporation, IXC Communications, Inc., a Delaware corporation, and Ivory Merger Inc., a Delaware corporation. (Exhibit 2.1 to Form 8-K date of report July 23, 1999, File No. 1-8519).
(2.1)(b)	Amendment No. 1 dated as of October 13, 1999, among Cincinnati Bell Inc., an Ohio corporation, IXC Communications, Inc. a Delaware corporation, and Ivory Merger, Inc. a Delaware corporation, to the Agreement and Plan of Merger dated as of July 23, 1999, among Cincinnati Bell Inc., IXC Communications, Inc. and Ivory Merger Inc. (Exhibit 2.1 to Form 8-K, date of report October 14, 1999 File No. 1-8519).
(3)(a)	Amended Articles of Incorporation effective November 9, 1989. (Exhibit (3)(a) to Form 10-K for 1989, File No. 1-8519).
(3)(b)+	Certificate of Amendment by the Board of Directors to the Amended Articles of Incorporation including the description of each of the Cincinnati Bell $7\frac{1}{4}\%$ Junior Convertible Preferred Shares Due 2007 and the Cincinnati Bell $6\frac{3}{4}\%$ Cumulative Convertible Preferred Shares effective November 9, 1999.
(3)(c)	Amended Regulations of the registrant. (Exhibit 3.2 to Registration Statement No. 2-96054).
(4)(a)	Provisions of the Amended Articles of Incorporation and the Amended Regulations of the registrant which define the rights of holders of Common Shares and the Preferred Shares are incorporated by reference to such Amended Articles filed as Exhibits (3)(a) and 3(b) hereto and such Amended Regulations filed as Exhibit (3)(c) hereto.
(4)(b)(i)	Rights Agreement dated as of April 29, 1997, between the Company and The Fifth Third Bank which includes the form of Certificate of Amendment to the Amended Articles of Incorporation of the Company as Exhibit A, the form of Rights Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Stock as Exhibit C (Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed on May 1, 1997).
(4)(b)(ii)	Amendment No. 1 to the Rights Agreement dated as of July 20, 1999, between the Company and The Fifth Third Bank (Exhibit 1 to Amendment No. 1 of the Company's Registration Statement on Form 8-A filed on August 6, 1999).
(4)(b)(iii)	Amendment No. 2 to the Rights Agreement dated as of November 2, 1999, between the Company and The Fifth Third Bank (Exhibit 1 to Amendment No. 2 of the Company's Registration Statement on Form 8-A filed on November 8, 1999).
(4)(c)(i)	Indenture dated July 1, 1993, between Cincinnati Bell Inc., Issuer, and The Bank of New York, Trustee, in connection with $50,000,000 of Cincinnati Bell Inc. $7\frac{1}{4}\%$ Notes Due June 15, 2023. (Exhibit 4-A to Form 8-K, date of report July 12, 1993, File No. 1-8519).
(4)(c)(ii)	Indenture dated August 1, 1962, between Cincinnati Bell Telephone Company and Bank of New York, Trustee (formerly, The Central Trust Company was trustee), in connection with $20,000,000 of Cincinnati Bell Telephone Company Forty Year $4\frac{3}{8}\%$ Debentures, Due August 1, 2002. (Exhibit 4(c)(iii) to Form 10-K for 1992, File No. 1-8519).

(4)(c)(iii)	Indenture dated as of October 27, 1993, among Cincinnati Bell Telephone Company, as Issuer, Cincinnati Bell Inc., as Guarantor, and The Bank of New York, as Trustee. (Exhibit 4-A to Form 8-K, date of report October 27, 1993, File No. 1-8519).
(4)(c)(iv)	Indenture dated as of November 30, 1998 among Cincinnati Bell Telephone Company, as Issuer, Cincinnati Bell Inc., as Guarantor, and The Bank of New York, as Trustee. (Exhibit 4-A to Form 8-K, date of report November 30, 1998, File No. 1-8519).
(4)(c)(v)	Investment Agreement dated as of July 21, 1999, among Cincinnati Bell, Oak Hill Capital Partners L.P. and certain related parties of Oak Hill (Exhibit 4.9 to Form S-4 filed on September 13,1999, File No. 1-8519).
(4)(c)(vi)	Indenture dated as of July 21, 1999 among Cincinnati Bell Inc., and The Bank of New York, as Trustee (Exhibit 4.10 to Form S-3 filed on November 10, 19999, File No. 1-8519).
(4)(c)(vii)	No other instrument which defines the rights of holders of long term debt of the registrant is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, the registrant hereby agrees to furnish a copy of any such instrument to the SEC upon request. (4)(b)(ii) Amendment No. 1 to the Rights Agreement dated as of July 20, 1999, between the Company and The Fifth Third Bank (Exhibit 1 to Amendment No. 1 of the Company's Registration Statement on Form 8-A filed on August 6, 1999).
(10)(i)(1)	Credit Agreement dated as of November 9, 1999 among Cincinnati Bell and IXCS as the Borrowers, Cincinnati Bell as Parent Guarantor, the Initial Lenders, Initial Issuing Banks and Swing Line Banks named herein, Bank of America, N.A., as Syndication Agent, Citicorp USA, Inc., as Administrative Agent, Credit Suisse First Boston and The Bank of New York, as Co-Documentation Agents, PNC Bank, N.A., as Agent and Salomon Smith Barney Inc. and Banc of America Securities LLC, as Joint Lead Arrangers. (Exhibit 10.1 to Form 8-K, date of report November 12, 1999, File No. 1-8519).
(10)(iii)(A)(1)*	Short Term Incentive Plan of Cincinnati Bell Inc., as amended January 1, 1995. (Exhibit (10)(iii)(A)(1)(i) to Form 10-K for 1995, File No. 1-8519).
(10)(iii)(A)(2)*	Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors, as amended and restated effective February 1, 1999. (Exhibit (10)(iii)(A)(2) to Form 10-K for 1998, File No. 1-8519).
(10)(iii)(A)(3)(i)*	Cincinnati Bell Inc. Pension Program, as amended effective November 4, 1991. (Exhibit (10)(iii)(A)(4)(ii) to Form 10-K for 1994, File No. 1-8519).
(10)(iii)(A)(3)(ii)*	Cincinnati Bell Pension Program, as amended and restated effective March 3, 1997. (Exhibit (10)(iii)(A)(3)(ii) to Form 10-K for 1997, File No. 1-8519).
(10)(iii)(A)(4)*	Employment Agreement dated January 1, 1999 between the Company and Richard G. Ellenberger. (Exhibit (10)(iii)(A)(9) to Form 10-K for 1998, File No. 1-8519).
(10)(iii)(A)(5)*	Employment Agreement effective January 1, 1999 between the Company and Kevin W. Mooney. (Exhibit (10)(iii)(A)(ii) to Form 10-K for 1998, File No. 1-8519).
(10)(iii)(A)(6)*	Employment Agreement dated January 1, 1999 between the Company and Thomas E. Taylor. (Exhibit (10)(iii)(A)(12) to Form 10-K for 1998, File No. 1-8519).
(10)(iii)(A)(7)*	Employment Agreement effective April 9, 1999 between the Company and Richard S. Pontin. (Exhibit (10)(iii)(A)(1) to Form 10-Q for the quarter ended June 30, 1999, File No. 1-8519).
(10)(iii)(A)(8)*+	Employment Agreement dated January 1, 1999 between the Company and John F. Cassidy.
(10)(iii)(A)(9)*	Cincinnati Bell Inc. Executive Deferred Compensation Plan, as amended and restated effective October 25, 1998. (Exhibit (10)(iii)(A)(13) to Form 10-K for 1998, File No. 1-8519).
(10)(iii)(A)(10)*	Cincinnati Bell Inc. 1997 Long Term Incentive Plan. (Exhibit (10)(iii)(A)(14)(iii) to Form 10-K for 1997, File No. 1-8519).

(10)(iii)(A)(11)*	Cincinnati Bell Inc. 1997 Stock Option Plan for Non-Employee Directors, as revised and restated effective February 1, 1999. (Exhibit (10)(iii)(A)(15) to Form 10-K for 1998, File No. 1-8519).
(10)(iii)(A)(12)*	Cincinnati Bell Inc. 1989 Stock Option Plan. (Exhibit (10)(iii)(A)(14) to Form 10-K for 1989, File No. 1-8519).
(12)+	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends.
(21)+	Subsidiaries of the Registrant.
(23)+	Consent of Independent Accountants.
(24)+	Powers of Attorney.
(27.1, 27.2, 27.3)	Financial Data Schedules.

\+ Filed herewith.

* Management contract or compensatory plan required to be filed as an exhibit pursuant to Item 14(c) of Form 10-K.

The Company will furnish, without charge, to a security holder upon request, a copy of the Proxy Statement, portions of which are incorporated by reference, and will furnish any other exhibit at cost.

Reports on Form 8-K.

Form 8-K, date of report October 13, 1999, reporting that certain sections of the Company's merger agreement with IXC Communications, Inc. had been amended in response to a decision of the Delaware Court of Chancery in the case of Phelps Dodge Corporation vs. Cyprus Amax Minerals Company. The Company's merger agreement with IXC Communications, Inc was previously filed in a Form 8-K, date of report July 23, 1999.

Form 8-K, date of report October 22, 1999, reporting on the Company's results of operations for the three months ended September 30, 1999.

Form 8-K, date of report November 8, 1999, setting forth certain historical financial statements of the Company's merger partner, IXC Communications, Inc.

Form 8-K, date of report November 12, 1999, reporting that the Company's merger with IXC Communications, Inc. was successfully completed on November 9, 1999.

Form 8-K, date of report December 30, 1999, setting forth certain historical financial statements of IXC Communications, Inc.

Form 8-K, date of report December 30, 1999, setting forth certain proforma historical financial statements of the Company and IXC Communications, Inc.

BROADWING INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(Millions of Dollars)

		Additions			
	Balance at Beginning of Period	Charged to Expenses	Charged to Other Accounts	Deductions	Balance At End of Period
Allowance for Doubtful Accounts					
Year 1999	$ 12.0	$ 21.1	$ 51.6(a)	$ 31.1(b)	$53.6
Year 1998	$ 9.1	$ 18.1	$11.0(a)	$ 26.2(b)	$12.0
Year 1997	$6.1	$12.2	$ 5.5(a)	$14.7(b)	$ 9.1
Reserves Related to Business Restructuring					
Year 1999	$ .5	$ 10.9	$ 33.9(c)	$ 15.1	$ 30.2
Year 1998	$5.3	$ —	$ —	$ 4.8	$.5
Year 1997	$8.7	$ —	$ —	$ 3.4	$ 5.3

(a) Primarily includes amounts previously written off which were credited directly to this account when recovered and an allocation of the purchase price for receivables purchased from Interexchange Carriers. In 1999, amounts include $45.3 million assumed on 11/9/99 as part of the Company's merger with IXC Communications, Inc. (IXC).

(b) Primarily includes amounts written off as uncollectible.

(c) Includes amounts assumed as part of the Company's merger with IXC.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CINCINNATI BELL INC.

March 17, 2000

By /s/ Kevin W. Mooney
Kevin W. Mooney
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
RICHARD G. ELLENBERGER* Richard G. Ellenberger	Principal Executive Officer; President, Chief Executive Officer and Director	
KEVIN W. MOONEY* Kevin W. Mooney	Principal Accounting and Financial Officer; Executive Vice President and Chief Financial Officer	
PHILLIP R. COX* Phillip R. Cox	Director	
J. TAYLOR CRANDALL* J. Taylor Crandall	Director	
WILLIAM A. FRIEDLANDER* William A. Friedlander	Director	
KAREN M. HOGUET* Karen M. Hoguet	Director	
RICHARD D. IRWIN* Richard D. Irwin	Director	
JAMES D. KIGGEN* James D. Kiggen	Chairman of the Board and Director	
JOHN T. LAMACCHIA* John T. LaMacchia	Director	
DANIEL J. MEYER* Daniel J. Meyer	Director	
MARY D. NELSON* Mary D. Nelson	Director	
DAVID B. SHARROCK* David B. Sharrock	Director	
JOHN M. ZRNO* John M. Zrno	Director	

*By: /s/ Kevin W. Mooney
Kevin W. Mooney
as attorney-in-fact and on his behalf
as Chief Financial Officer

March 17, 2000